

Message Text

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PAGE 01 ROME 09292 061754Z
ACTION SS-25

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C O N F I D E N T I A L ROME 9292

EXDIS

FOR UNDERSECRETARY COOPER (E) AND ASSISTANT SECRETARY MAYNES
(IO) ONLY FROM FRANK (IO)

E.O. 11652: GDS
TAGS: EGEN
SUBJECT: AID AND BASIC NEEDS

1. UNDERSRECTARY COOPER ASKED IF I WOULD WORK WITH LENNY
ROSS (E) AND EB ON A POSSIBLE MEMO TO THE PRESIDENT CONCERN-
ING A RADICAL RESTRUCTURING OF OUR AID PROGRAMS. SINCE I
LEFT UNEXPECTEDLY FOR ROME BEFORE WORK COULD GET UNDERWAY,
I WOULD LIKE TO SUGGEST A MEMO ALONG THE FOLLOWING LINES.

2. BEGIN TEXT.

OUR CURRENT BILATERAL AID PROGRAMS FOCUS ON COUNTRIES,
NOT SO MUCH ON PEOPLE. THE SO-CALLED NEW DIRECTIONS IN
RECENT FOREIGN ASSISTANCE LEGISLATION IS DISTINGUISHED FROM
EARLIER APPROACHES IN THAT BILATERAL AID NOW IS GIVEN ONLY
THE POOREST COUNTRIES. TERMS OF DEVELOPMENT ASSISTANCE ARE
BEING MADE MORE CONCESSIONAL BECAUSE OF THE INCREASED
EMPHASIS ON POORER COUNTRIES THAT HAVE LIMITED ABILITY
TO REPAY LOANS ON LESS CONCESSIONAL TERMS.

3. THE CURRENT APPROACH TO AID IS MORE DIRECTED
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TOWARD SECTORS THAN BEFORE -- MOSTLY HEALTH, EDUCATION,
POPULATION, AND RURAL DEVELOPMENT. THESE SECTORS ARE
ASSUMED TO BE ABLE BEST TO PROVIDE SERVICES FOR POOR
PEOPLE IN POOR COUNTRIES. NEVERTHELESS, OUR BILATERAL
AID STILL RETAINS A BASIC COUNTRY FOCUS. WE DO NOT
PROVIDE AID FOR POOR PEOPLE IN MORE ADVANCED COUNTRIES.
WE DO NOT PROVIDE AID FOR COUNTRIES WITH WHOM WE HAVE

NO OR STRAINED POLITICAL RELATIONS SUCH AS CHILE OR UGANDA, NO MATTER HOW WORTHY THE PROJECT IN ALLEVIATING DISTRESS OF POOR PEOPLE. WE HAVE COUNTRY MISSIONS THAT ADMINISTER OUR AID PROGRAMS.

4. THE HARDY REMNANTS OF A COUNTRY APPROACH TO BILATERAL AID ARE NOT CONSISTENT WITH BASIC VALUES AND PREJUDICES OF THE AMERICAN PEOPLE -- WHO SURELY WOULD SUPPORT ALLEVIATION OF SUFFERING OF POOR PEOPLE NO MATTER WHERE YET WANT NOTHING TO DO WITH HELPING POOR COUNTRIES IF THE WEALTHY FEW FOUND IN ANY COUNTRY, NO MATTER HOW POOR, ARE MAJOR BENEFICIARIES OF OUR AID PROGRAMS.

5. THE COUNTRY APPROACH LEAVES A VAST NUMBER OF POOR PEOPLE UNTOUCHED BY OUR AID PROGRAMS IN THE MIDDLE EAST AND ESPECIALLY LATIN AMERICA. SOME OF THE WORST POVERTY AND LARGEST NUMBERS OF POOR PEOPLE IN THE WORLD ARE FOUND IN BRAZIL, MEXICO, COLOMBIA, AND JAMAICA. YET OUR AID PROGRAMS DO LITTLE OR NOTHING FOR THESE PEOPLE BECAUSE THESE COUNTRIES ARE BEYOND THE POINT OF RECEIVING SYSTEMATIC BILATERAL AID.

6. WE CAN RESTRUCTURE OUR AID PROGRAMS TO MAKE THEM MORE USEFUL IN ALLEVIATING POVERTY WORLDWIDE AND IN ADDRESSING BASIC NEEDS OF POOR PEOPLE FOR FOOD, BASIC EDUCATION, HEALTH, AND HOUSING. A RESTRUCTURED PROGRAM OF THIS SORT MIGHT HAVE THE FOLLOWING ELEMENTS:

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(A) -- A SUBSTANTIAL AMOUNT OF AID FUNDS WOULD BE USED FOR MEETING DIRECTLY BASIC NEEDS OF POOR PEOPLE FOR FOOD, HOUSING, HEALTH, EDUCATION, AND SHELTER.

(B) -- AID PROJECTS FINANCED BY THESE FUNDS WOULD BE EVALUATED SOLELY ON THE BASIS OF COST EFFECTIVENESS IN MEETING BASIC NEEDS FOR POOR PEOPLE.

(C) -- ANY COUNTRY IN THE WORLD WOULD BE ELIGIBLE TO APPLY FOR THESE AID FUNDS BY MAKING A PROJECT PROPOSAL. THE PROGRAM MIGHT ALSO ALLOW FOR STATES AND LOCAL GOVERNMENT ENTITIES WITHIN THE UNITED STATES TO APPLY FOR FUNDS TO FINANCE BASIC NEEDS PROJECTS.

(D) -- TECHNICAL ASSISTANCE WOULD BE PROVIDED, ONLY FOR LESS ADVANCED COUNTRIES HOWEVER, TO IDENTIFY AND PREPARE BASIC NEEDS PROJECTS.

(E) -- TERMS OF THE LOANS FOR BASIC NEEDS PROJECTS

WOULD VARY, DEPENDING ON A COUNTRY'S ABILITY TO PAY.
LESS ADVANCED COUNTRIES WOULD RECEIVE AID ON A GRANT
BASIS OR ON VERY CONCESSIONAL TERMS.

(F) -- U.S. COUNTRY AID MISSIONS WOULD BE ABOLISHED.
ONE OR TWO PEOPLE IN EACH EMBASSY WOULD PROVIDE LIAISON
WITH AID WASHINGTON AND SERVICE TECHNICAL ASSISTANCE
TERMS SENT TO IDENTIFY OR EVALUATE PROJECTS. END TEXT.

7. A PROGRAM OF THIS SORT WOULD FOCUS UNIVERSALLY ON
POOR PEOPLE. IT WOULD BE ALSO TAILORED, HOWEVER, TO
DIFFERENT COUNTRY CIRCUMSTANCES, BUT IN A MOST APPRO-
PRIATE WAY BY VARYING TERMS AND MAKING TECHNICAL ASSIS-
TANCE AVAILABLE TO ACCOMPANY PROJECT FINANCE. GARDNER

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